

VZCZCXRO9571
RR RUEHDBU
DE RUEHNT #1481/01 2260848
ZNY CCCCC ZZH
R 140848Z AUG 07
FM AMEMBASSY TASHKENT
TO RUEHC/SECSTATE WASHDC 8303
INFO RUEHAH/AMEMBASSY ASHGABAT 3215
RUEHTA/AMEMBASSY ASTANA 9371
RUEHEK/AMEMBASSY BISHKEK 3826
RUEHDBU/AMEMBASSY DUSHANBE 3688
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 001481

SIPDIS

SIPDIS

E.O. 12958: DECL: 08/14/2017
TAGS: [PGOV](#) [EFIN](#) [PTER](#) [KTFN](#) [UZ](#)
SUBJECT: PASSING THE BUCK ON MONEY LAUNDERING

REF: TASHKENT 1196

Classified By: CDA Brad Hanson for reasons 1.4 (b) and (d).

Summary

11. (C) Government of Uzbekistan officials provided little information on anti-money laundering efforts during a roundtable with international donors on August 7. Donors expressed concern at the suspension of Uzbekistan's money laundering law, warning that the decision makes Uzbekistan's participation in global anti-money laundering efforts more problematic. They also noted that designing effective assistance programs is difficult because of the lack of information about the problem. Government officials in attendance played down the effect of suspending the law, claiming that anti-money laundering efforts were continuing. The Ministry of Foreign Affairs accused donors of being more interested in insulting Uzbekistan than in assisting it; rather than ask for information they have no right to, donors should provide a list of assistance they are willing to provide and let Uzbekistan decide what it needs. Money laundering is a difficult subject to discuss here. Most people suspect that most instances involve senior government officials or other members of the Uzbek elite, but few are willing to commit (at the very least) career suicide by saying so out loud. End summary.

Donor Q&A

12. (SBU) The World Bank and the United Nations Office on Drugs and Crime (UNODC) co-sponsored a roundtable of international donors and Government of Uzbekistan (GOU) officials August 7 to discuss anti-money laundering (AML) and terrorist finance issues. Government representatives came from the Central Bank of Uzbekistan, State Tax Committee, and the Ministry of Foreign Affairs. The stated purpose of the meeting was for government officials to brief donors on the current money laundering situation and trends and to provide insight into what type of future assistance would be most helpful to the GOU.

13. (SBU) Donors expressed concern about the suspension of key articles of Uzbekistan's money laundering law until 2013 (reftel). They noted that the suspended articles provide needed authorities for the Financial Intelligence Unit (FIU) set up in the General Prosecutor's Office to investigate financial crimes and required banks and other financial institutes to institute systematic client identification systems. In particular, the World Bank representative noted that the decision will inhibit Uzbekistan's ability to fully

participate in global AML efforts. Furthermore, it could result in the Financial Action Task Force citing Uzbekistan as a country not fully implementing money laundering requirements and might also threaten Uzbekistan's membership in the Egmont Group. UNODC's Legal Advisor reminded the GOU officials that planned international AML assistance had largely been keyed to the suspended legislation. Donors need to understand why the decision was made and its implications so they can determine if the planned assistance still is relevant and can make any necessary adjustments. Poloff and the European Bank for Reconstruction and Development both noted that it also would be helpful to have more information on money laundering trends and government priorities; without this information donors are forced to develop assistance programs blind.

GOU: Ask Somebody Else

14. (SBU) GOU officials at the meeting generally played down the effects of the law's suspension, saying that it would not harm Uzbekistan's AML efforts. None could say why the law had been suspended, but noted that if donors really wanted to know they should have invited the General Prosecutor's Office and the Ministry of Justice to participate in the meeting. (Note: The World Bank Representative clarified several times that both of these organizations had been invited to the meeting, but had declined the invitation. End note.) Central Bank representatives claimed that guidelines requiring banks to know their clients and to report suspicious transactions to the FIU are still in place. They acknowledged that the Central Bank no longer has any obvious legal authority to penalize institutions that fail to

TASHKENT 00001481 002 OF 002

implement these guidelines, but claimed that the General Prosecutor's Office had assured the Central Bank that such authority exists within Uzbekistan's criminal and administrative codes. The Tax Committee asserted that most money laundering schemes amount to nothing more than efforts to avoid paying taxes. The GOU has developed a financial transactions database which is used along with data mining techniques to identify likely tax cheats. The Tax Committee representative suggested that if donors really wanted to assist Uzbekistan's AML efforts, they would do the most good by helping to improve the tax collection and enforcement systems.

MFA: There You Go Again

15. (SBU) Chief of MFA's UN Division Khamraev intervened at the conclusion of the meeting to rail against what he perceived to be unjust criticism of the GOU. He accused donors of focusing, as usual, on criticizing Uzbekistan for things it had supposedly done wrong, such as suspending the AML law, instead of giving it credit for the things that it had done right. Uzbekistan is fully committed to stamping out money laundering, he said, but criticism and talk of "black lists" amount to political pressure against the GOU and will not be tolerated. Khamraev said that if donors lack information, it is their own fault for "insulting" Uzbekistan rather than working with the GOU. The GOU alone will decide what information it will provide; rather than demand information to which they have no right, donors should simply provide the GOU with a list of assistance they are willing to provide and let the government decide what it wants to accept.

Comment

16. (C) If donor representatives were hoping for a substantive discussion at the meeting they were disappointed. Many were

struck (and annoyed) both by the GOU's unwillingness to provide even a minimal amount of information and its insistence on taking offense where none was intended. Even minus the pyrotechnics, a substantive discussion of money laundering in Uzbekistan is difficult. Most everyone suspects that most instances of money laundering here involve senior government officials, organized crime figures associated with them, or other members of the Uzbek elite seeking to feather nests or purchase vacation homes abroad. Any mention of this, however, is taboo to the point of being lethal, to one's career if not to one's life.

HANSON